

# Issue Paper

RAND

## New Challenges for International Leadership

### Positioning the United States for the 21st Century

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America's ability to shape the world this century will depend on the quality of its leaders. Yet the nation is producing too few future leaders who combine substantive depth with international experience and outlook. So, too, managers with a broad strategic vision in a rapidly changing world are in short supply. These are the headlines of a major RAND study, one that surveyed all three sectors of American life—government, for-profit and not-for-profit. The shortage is only partly a matter of numbers in selected skill categories—particularly for the government, given its constraints in paying and reaching out for talent. Rather, what is lacking today are men and women whose experience and training have given them the package of talents required of tomorrow's broad-gauged leaders. Fulfilling that need calls for a bold national initiative bringing together government and higher education, foundations, intergovernmental organizations and the for-profit sector. The aim would be to broaden intellectual formation, rooted in real world experience; to target career development, including exchanges among the sectors; and to open possibilities for "portfolio careers" across the sectors.

Is the United States producing the leaders and expertise it will need for the century ahead? That was the animating question for the project. The events of September 11th, a wake-up call for America's future, underscored its importance. The United States confronts a world that is both networked and fractured, both full of promise and

full of danger. The global role of the United States in the century ahead will require both breadth and depth. It will demand deep understanding of particular languages and cultures, including those from whence danger might arise, as well as broad, strategic perspectives on the economic and political forces that will shape the world.

The aftermath of September 11th has given new urgency to the role of governments in international affairs, and government, especially, finds it hard to attract and harder to keep the talent it seeks. However, leadership in the globalized world of the 21st century is not something for governments alone. The private sectors will also be critical. Accordingly, after reviewing existing studies, the project conducted 135 interviews of line managers and human resource professionals across the three sectors. It asked how the promise of globalization and its underside, the one visible on September 11th, had changed the mission and activities of their organizations. What new capacities do they seek in the professionals they hire? How hard is it to find them, and where and how do they look? How do they nurture talent once they recruit it? These interviews on the "demand" side were then supplemented by two dozen interviews on the "supply" side—with deans of public policy, international relations and business schools—as well as with others who have thought long and hard about America's needs for human capital and its means for producing it.

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## BROADENING AMERICA'S LEADERS

The nation needs to reshape how it develops leaders in order to retool for the new century. That reshaping runs across all three sectors, and to education and human resources development as well. While major national programs to increase the supply of critical skills in science and technology, information or critical languages might be welcome, they are probably less effective than more targeted innovations within organizations across all three sectors. For instance, leaders of all three sought young professionals with broad experience, including across national cultures; that was valued above any academic or other pre-professional qualifications.

Yet the practices of existing organizations do not produce such leaders; quite the contrary. That is most striking in the federal government, where lateral entry from other sectors is almost non-existent except at the very top, and so its organizations deprive themselves of talent with experience outside the government. Yet the for-profit sector, too, tends to hire young professionals primarily for their technical qualifications and then to grow them inside particular companies—but later laments that the pool of broadly seasoned senior managers is small. Moreover, the interviews seemed to reflect a gap between the international experience that organizations say they seek and the narrower technical criteria that are actually applied in hiring. When institutions across all sectors hire laterally, they tend to look primarily within their own sector.

Thus, all three sectors need to explore, together, innovative career patterns across sectors. What might be called “portfolio careers” would produce senior leaders with

skills and experience across sectors—and across national cultures. Shifts across sectors—from temporary secondments to more permanent lateral shifts—need to be encouraged in law and practice, not discouraged. By contrast, such professional development efforts as now exist are usually *ad hoc* and initiated by employees. They neither reflect a strategic view of an organization's future needs nor cumulate to produce the desired cadre of leaders.

Many study findings were similar across the sectors. All three reported the need for new partnerships with new kinds of partners. Again, that was most striking for the government, which was impelled to a dizzying array of new partnerships—from sharing intelligence in the campaign against terrorism with countries that had been targets, to seeking connections with state, local and private institutions in providing health care. For many not-for-profits, global operations now present them with the challenge of dealing with more demanding foreign partners and often working in languages other than English.

For all sectors, the connected world has changed the ways they do business. All three reported using the Web as a recruiting and hiring tool. The federal government has created a single Web point of entry for employment, *USAjobs.gov*. September 11th, though, was striking testimony to the underside of global connectivity; many institutions across all sectors reported intentions to travel less and make more use of videoconferencing and other electronic meeting techniques. They generally gave that change positive marks, reporting that it will position them better to take advantage of their information and communication infrastructures in capitalizing on their human resources around the globe.

What are America's institutions seeking as they recruit future leaders? The project asked interviewees to rank nineteen attributes. Both the similarities and the differences across sectors are instructive. General cognitive skills (problem-solving, analytic ability) and interpersonal skills ranked one and two overall. Personal traits (character, dependability) were ranked as important by all sectors, as were ambiguity tolerance and adaptability—perhaps evoking a more complicated, faster-moving world. Ability to work in teams was ranked highly in all sectors as well, higher than substantive or technical knowledge in a professional field.

Not surprisingly, for-profits ranked the ability to think in policy and strategy terms as less important than the two other sectors. Perhaps more surprising, written and oral English skills were ranked as quite important by the government but much less so by the other two sectors. Empathy and a non-judgmental perspective were much

<sup>1</sup>For more detailed reports of results from this project, see Bikson, T. K., G. F. Treverton, J. Moini, and G. Lindstrom, *New Challenges for International Leadership: Lessons from Organizations with Global Missions*, RAND, MR-1670-IP (forthcoming), and Lindstrom, G., T. K. Bikson, and G. F. Treverton, *Developing America's Leaders for a Globalized Environment: Lessons from Literature Across Public and Private Sectors*, RAND, MR-1627-IP (forthcoming).

less important for the for-profits than for the other two sectors; correspondingly, drive and competitiveness were much more important to that sector than to the other two. Knowledge of international affairs and areas was rated of medium to low importance, while fluency in a foreign language ranked at or near the bottom for all three sectors.

Across all sectors, though, any given competency was less important than an integrated cluster of competencies—ranging across substantive knowledge, managerial ability, strategic vision and experience at operating across cultures. To some extent, those competencies can be separated in different people, especially at lower levels of organizations. They cannot be separated for those at the top of organizations; rather, the competencies need to come together in those leaders.

### RE-ENERGIZING GOVERNMENT

September 11th has both driven home the need to re-energize the government and provided a rare opportunity to give the federal government better access to the talent it will need. The federal government finds it very difficult to attract and keep substantive experts of all sorts. Young people are attracted by the work of government and by the opportunity to serve—almost all federal agencies have reported dramatic increases in interest—but many find that federal service simply imposes too great a financial penalty by comparison to work in the private sector. The high-tech collapse and the recession have been a boon for the government, but managers who seek the best understandably shy away from becoming the nation's employer of last resort. Moreover, a large fraction of the country's scientific and technological expertise resides in non-Americans, who are generally not accessible to the government, perhaps all the less so after September 11th.

The second concern that runs through the government sector is the thinness of middle management. The government downsizing of the 1980s and 1990s was not dramatic in overall numbers—it cut less than 10 percent of the federal government—but it was random, not strategic, tending to expel those with the least tenure regardless of the needs of the organization. That has left the government facing enormous turnover—something over a third of civil servants will be eligible to retire within five years—and lacking a cadre of experienced middle managers to take their places.

Yet with this challenge comes an opportunity. For a generation the prevailing answer to the question "what should government, and federal government in particular, do?" has been simply "less." Now, in the wake of September 11th, the question is more open. Citizens are asking their government to act. If America's government

institutions, ones shaped by the Cold War, are to transform themselves to act, that transforming will not be done by the patriotic people who have run them for thirty years. It will require fresh blood, and so turnover can be a historic opportunity.

The interviewees were also eloquent in noting that many of the government's handicaps in attracting and keeping talent are self-inflicted. They could be changed. Now is an opportunity to do so. Hiring takes too long and is too opaque and bureaucratic. *USAjobs* is easy to find but impossible to fathom; its job postings have been written in impenetrable bureaucratese. Government employment lasts a lifetime; it is all or nothing, and so lateral movements occur in only one direction—out. Elaborate and dated civil service rules make it very difficult to bring people in at mid-career. The government finds it very hard to reach out to talent that is not American. Finally, pay is both uncompetitive and inflexible, still keyed to seniority much more than job or performance.

It is worth observing that the US military is the most consistently successful in preparing its senior officers for international leadership. It is entirely closed, with virtually no lateral entry, but with high standards and morale. Perhaps most important, entrants know they can aspire to the positions of highest leadership, and the military can afford to make continuing investments in their career development. Neither the Foreign Service nor the intelligence agencies match the military, but both have some of the same advantages. At the other extreme, the civil service enjoys none of them. Promotion is competitive only in theory. The vast majority of the senior positions at Commerce, Treasury or Defense will be filled from outside, by political appointees. Not surprisingly, the civil service neither attracts nor retains the highest-quality people, and it produces few leaders in foreign affairs.

The United States is not about to adopt a European-style closed civil service, nor should it. But much can be done to increase opportunities for those in career government service. And the gathering weight of measures, understandable ones, to guard against conflict of interest in the political appointments process has made it slow, painful and often humiliating. As a result, while America's involvement in the world and need for international leadership grow, the pool of top-flight candidates ready to run the gauntlet shrinks.

September 11th, like the launching of *Sputnik* two generations before it, has led to bemoaning of gaps. Does America lag in learning languages, especially exotic ones, or risk losing the scientific and technological lead on which its primacy depends? If the answer is "yes," the typical response is a broad national program, like the

National Defense Education Act of the early Cold War, to increase the supply pipeline. This time around, however, no such visible and specific gaps in total numbers are apparent. Big national programs to subsidize supply are not so much wrong as very indirect in meeting the needs that do exist. Information technology experts are not lacking; the government's problem is not supply but access to the talent.

When government agencies have very specific needs, such as knowledge of exotic languages or specific cultures, the right response is very targeted programs. First, they should find ways to hire the experts, even if they are not American. Second, if the expertise needs to be nurtured, not acquired, the government should build limited and focused programs, mostly at the graduate level, offering fellowships in critical areas in exchange for commitments to later (or simultaneous) government service.

The public sector, in particular, needs to reach out so that it reflects the diversity of the country; that need came through clearly in the interviews. Yet so did the challenges the government faces in doing so. Not only is it hard-pressed to match the salaries that the private sector can offer to talented minority candidates, but the pool most readily available—in international studies or public policy graduate programs—is not itself all that diverse. It is important to keep in mind, all the more so after September 11th, that the United States also exercises global leadership through the non-Americans who come here to study and work. If they remain here, they add to the human resources on which the nation can draw; if they return home or move back and forth, they become part of the web of connections that drive the global society.

## LOOKING BEYOND THE GOVERNMENT

Many of the for-profit sector's advantages in the hunt for talent are the mirror images of the government's obstacles. The for-profit sector sets the pay scales for technical expertise. When it wants expertise on China to enter the Chinese market, the answer is easy: hire Chinese. When experts or expertise on, for instance, particular markets abroad are lacking, businesses sometimes can be patient, simply waiting. The government, by contrast, has no such luxury. It cannot decide to wait to enter Afghanistan because it doesn't have enough experts.

What is glibly called the "not-for-profit" sector by what it doesn't try to make in fact comprises a very varied set of institutions. In this study it included international humanitarian and advocacy organizations, major foundations with strong international missions, and international organizations, like the UN, which are non-profit but not non-governmental. While the category is varied, it does comprise major alternatives to US government employment for Americans who want to pursue international careers in

public service. Moreover, the number and role of such organizations has increased dramatically in the last several decades. Among the diverse not-for-profits we studied, most were global from their inception, so for them, globalization has mostly meant becoming more so, as well as moving into more specialized and technical activities. For instance, for an organization like CARE, being a fire brigade for one-at-a-time relief operations abroad was a far cry from managing many on-going operations in complicated and changing circumstances. In hiring, UN agencies can no longer afford to make trade-offs between technical expertise and the ability to work internationally; incoming professionals need to have both.

The not-for-profits have internationalized in the same way that the for-profits have, by hiring non-Americans. A generation ago, for instance, most of the leaders of the Ford Foundation abroad were Americans; now they are mostly not. The MacArthur Foundation office in Moscow, with one American and a dozen Russians, works in Russian. What the not-for-profits identify as shortcomings, in addition to people who combine technical expertise with international perspective, are those who not only identify with the mission of the organization but can also "sell" its ideas. The not-for-profits need intellectual entrepreneurs who can articulate ideas and shape them into initiatives.

For all the hand-wringing over primary and secondary education in the United States, America's higher education remains the world's envy. The number of non-Americans who want to study here continues to rise, though the United States has recently been losing market share (primarily to Europe). Yet those impressive institutions are falling short in preparing leaders who can think strategically, and who can integrate across cultures and from technical knowledge to practical actions.

In part, the long debate over internationalizing university curriculums continues, with ceasefires usually tending to favor technical or field knowledge over broadening. That may be all the more so because the traditional disciplines of internationalizing—language or area studies—are not highly prized by most prospective employers, who regard them at best as markers for some cross-cultural competency. Narrowness at US universities is abetted by the "culture of AP"—high school advanced placement that permits many of the best freshmen to effectively skip a year of college, moving sooner into more specialized majors.

Paradoxically, the very success of America's universities makes them less cosmopolitan than they might appear. They have, for instance, more and more non-American faculty members, but given the attractiveness of US universities, the vast majority of those have US PhDs. Their faces may differ from those of their US counterparts, but their

training is the same. Indeed, even taking a year or semester to study abroad may be a less international experience than it would seem, if the students live in expatriate quarters and study with US professors.

Finally, it is striking that while all three sectors of American life cried out for leadership, that subject is only beginning to be studied and taught on American campuses. Traditionally, it was not academically respectable, and so was a regular feature only at the military academies, business schools and a few venturesome public policy schools. Yet if leaders, like entrepreneurs (not to

mention scholars), are partly born, they are also partly made. Leadership skills can be learned.

### **AN AGENDA FOR BUILDING INTERNATIONAL LEADERSHIP**

The agenda for positioning tomorrow's America better to lead in a globalized world requires actions by all three sectors, plus higher education—ideally in partnership (see table below). Some initiatives can have an effect in the short run, while others will require congressional action or reshaping organizations.

	Internationalizing the Current Leadership	Building Future Leaders
For government	<p>Increase use of Intergovernmental Personnel Act (IPA)</p> <p>Facilitate lateral movement from inside and out of government</p> <p>Improve hiring processes</p>	<p>Expand internship and cooperative programs</p> <p>Target fellowships</p> <p>Relax barriers to moving in and out of careers—e.g., conflict of interest laws</p> <p>Fund leadership study</p> <p>Reserve some proportion of senior positions in any agency to the career service</p>
For for-profits	<p>Support career exchanges across the three sectors</p> <p>Target programs for developing broad-gauged leaders</p>	<p>Encourage dual (or treble)—expertise careers</p> <p>Support internationalized MBA programs</p>
For not-for-profits	<p>Heighten awareness of need for future leaders</p> <p>Improve hiring processes</p>	<p>Increase funding for producing dual (and treble) expertise</p> <p>Increase support for leadership study and training</p>
For higher education	<p>Support real study abroad</p> <p>Increase initiatives for internationalizing education at home</p>	<p>Internationalize MA/MPP/PhD programs</p> <p>Internationalize MBA programs</p> <p>Redouble efforts to recruit talented minorities to international programs</p> <p>Rethink ways to internationalize the curriculum</p> <p>Accord leadership a serious place in teaching and research</p>

## FOR GOVERNMENT

- Make the hiring process quicker and more transparent. Now, promising applicants disappear for months into the black hole of silent delay. A start, one in which the Office of Personnel Management (OPM) is engaged, is to write job descriptions in plain English. The Central Intelligence Agency has halved its hiring cycle of 6-9 months by targeting its recruiting more tightly and by letting recruiting officers make conditional offers on the spot.
- Make it easier for people to move across agencies. In some areas, like intelligence, it might be possible to mimic the experience of the military Joint Staff, making rotations to other agencies or "joint" appointments a requirement for promotion.
- Look for ways to facilitate temporary movements of officials across sectors. The existing IPA makes it possible to do so but does not make it easy. The act should be expanded, as should other programs that detail government officials to the Congress, to state and local governments, or to the private sector.
- Develop ways to facilitate lateral entry from other sectors. In particular, the existing government career structure makes it very difficult to bring in younger talent from outside at mid-career. Ways beyond the IPA need to be found to permit such moves, for limited terms or beyond. In the long run, both law and practice will have to change if in-and-out careers are to be encouraged, not deterred.
- Expand very targeted fellowship programs to nurture talent when it can be acquired no other way. Graduate fellowships would be keyed to very specific government needs and granted in return for commitments to government service.
- Reserve some proportion of senior positions—deputy assistant secretaries, especially—for permanent career officials. This will not be easy, for it is precisely the political appointment process that means that no official, even at the Cabinet level, has much incentive to worry about the state of the permanent government beyond his or her tenure, usually relatively short. But nothing would do more to improve the morale, and in time the attraction, of the civil service.
- Ask hard questions about why non-Americans cannot be hired for particular jobs. The CIA's Foreign Broadcast Information Service, for instance, does hire non-Americans as translators and editors. Other agencies could find innovative ways to do so as well.
- Look at pay in general but hardest at ways to reward people for performance and to recognize that the opportunity cost of federal service is much higher for some professionals than others.

## FOR THE NOT-FOR-PROFIT SECTOR

- Think about developing human resources. Many institutions in the sector, especially start-ups, are run on a shoestring; they have had neither money nor time to develop their young professionals. They have been consumers of talent, not nurturers of it. As the sector matures, though, it has both need and opportunity to develop human capital, for both its benefit and the nation's.
- Develop more innovations in building specialized "dual expertise." The Ford Foundation was the leader in developing area studies, and it later took the lead in building dual expertise—offering graduate students in strategy or Russian studies, for instance, the opportunity to acquire expertise in the other discipline. The MacArthur Foundation is beginning a program to both train and employ a new generation of defense-minded scientists, replacing the generation that is now passing from the scene without a cohort of successors.

## FOR THE FOR-PROFIT SECTOR

- Ask whether the mismatch is real between the strategic international leaders that organizations say they seek and the hiring decisions that actually result.
- Assess the value of developing career paths that would produce "dual (or treble)-expertise" human capital. The for-profit sector is in the best position to innovate in ways that will serve its human resource development needs, and those of the country, this century.
- Think of the other sectors as partners in developing broad-gauged leaders in a rapidly changing world. This could range from joint, targeted mid-career training opportunities to longer postings across sectors.

## FOR THE UNIVERSITY SECTOR

- Rethink ways to give students a grounding in thinking and acting across cultures. Requiring languages or area studies may not be the best way to do so—in part because existing language programs are perceived by employers to emphasize literary, not applied skills—but there are many other ways. In particular, ask why so many college students arrive saying that they intend to take a year of study abroad but so few actually do so.
- Internationalizing faculty is easier than international curriculums. But non-Americans with US PhDs are the beginning of internationalizing, not the end.
- Treat leadership as a serious subject. It is, on the cusp of the 21st century, neither pop psychology nor charging up San Juan hill. It is less an academic outcast than it used to be, as leadership programs have been created at the undergraduate and professional school

levels. The question is their quality. Leadership can be taught, but how well are these new programs teaching it?

Actions by all three sectors will be enhanced if they are done together, as part of a bold national program. The members of the advisory council to this project are prepared to play a leading role. They call upon major foundations to launch efforts to develop dual (and treble) expertise and to ensure excellence in the study of leadership. Government, and especially the military, makes signifi-

cant investments in career development opportunities at mid-career; it and the for-profit sector could engage one another in increasing exchange opportunities to mutual benefit. Senior business leaders have recognized that their successors will not be like them; rather, their experience will be broader and more international. Making good on that recognition requires reaching out to the other sectors not just as an occasional source of senior advice, but as partners in developing future leaders. Not only their future, but the nation's, depends on it.

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